

**MASSACHUSETTS**  
HEALTH POLICY COMMISSION

---

# **NOTICE OF MATERIAL CHANGE FORM**

Health Policy Commission  
50 Milk Street, 8th Floor  
Boston, MA 02109

## GENERAL INSTRUCTIONS

The attached form should be used by a Provider or Provider Organization to provide a Notice of Material Change (“Notice”) to the Health Policy Commission (“Commission”), as required under M.G.L. c. 6D, § 13 and 958 CMR 7.00, Notices of Material Change and Cost and Market Impact Reviews. To complete the Notice, it is necessary to read and comply with 958 CMR 7.00, a copy of which may be obtained on the Commission’s website at [www.mass.gov/hpc](http://www.mass.gov/hpc). Capitalized terms in this Notice are defined in 958 CMR 7.02. Additional sub-regulatory guidance may be available on the Commission’s website (e.g., Technical Bulletins, FAQs). For further assistance, please contact the Health Policy Commission at [HPC-Notice@state.ma.us](mailto:HPC-Notice@state.ma.us). This form is subject to statutory and regulatory changes that may take place from time to time.

---

### REQUIREMENT TO FILE

This Notice must be submitted by any Provider or Provider Organization with \$25 million or more in Net Patient Service Revenue in the preceding fiscal year that is proposing a Material Change, as defined in 958 CMR 7.02. Notice must be filed with the Commission not fewer than 60 days before the consummation or closing of the transaction (i.e., the proposed effective date of the proposed Material Change).

---

### SUBMISSION OF NOTICE

One electronic copy of the Notice, in a portable document form (pdf), should be submitted to the following:

Health Policy Commission [HPC-Notice@state.ma.us](mailto:HPC-Notice@state.ma.us);

Office of the Attorney General [HCD-6D-NOTICE@state.ma.us](mailto:HCD-6D-NOTICE@state.ma.us);

Center for Health Information and Analysis [CHIA-Legal@state.ma.us](mailto:CHIA-Legal@state.ma.us)

---

### PRELIMINARY REVIEW AND NOTICE OF COST AND MARKET IMPACT REVIEW

If the Commission considers the Notice to be incomplete, or if the Commission requires clarification of any information to make its determination, the Commission may, within 30 days of receipt of the Notice, notify the Provider or Provider Organization of the information or clarification necessary to complete the Notice.

The Commission will inform each notifying Provider or Provider Organization of any determination to initiate a Cost and Market Impact Review within 30 days of its receipt of a completed Notice and all required information, or by a later date as may be set by mutual agreement of the Provider or Provider Organization and the Commission.

---

### CONFIDENTIALITY

Information on this Notice form itself shall be a public record and will be posted on the Commission’s website. Pursuant to 958 CMR 7.09, the Commission shall keep confidential all nonpublic information and documents obtained in connection with a Notice of Material Change and shall not disclose the information or documents to any person without the consent of the Provider or Payer that produced the information or documents, except in a Preliminary Report or Final Report of a Cost and Market Impact Review if the Commission believes that such disclosure should be made in the public interest after taking into account any privacy, trade secret or anti-competitive considerations. The confidential information and documents shall not be public records and shall be exempt from disclosure under M.G.L. c. 4, § 7 cl. 26 or M.G.L. c. 66, § 10.

# NOTICE OF MATERIAL CHANGE

DATE OF NOTICE: November 4, 2016

1. Name: Steward Health Care Network, Inc.

	Federal TAX ID #	MA DPH Facility ID #	NPI #
2.	27-3075212		

## CONTACT INFORMATION

3. Business Address 1: 888 Washington Street

4. Business Address 2: Suite 305

5. City: Dedham

State: MA

Zip Code: 02026

6. Business Website:

7. Contact First Name: Mark

Contact Last Name: Girard

8. Title: President

9. Contact Phone: 617-419-4706

Extension:

10. Contact Email: Mark.Girard@steward.org

## DESCRIPTION OF ORGANIZATION

11. Briefly describe your organization.

Steward Health Care Network (SHCN), was established in 2008 as the physician contracting network for Steward Health Care System. SHCN's community-based accountable care organization (ACO) model includes both primary care physicians and a full range of specialists who are committed to meeting the needs of its patients. SHCN promotes care coordination and collaboration within the network in order to provide high quality, efficient care to patients. The network is also responsible for the execution of managed care and ACO contracts, medical management services, quality improvement programs, population health analytics and information

## TYPE OF MATERIAL CHANGE

12. Check the box that most accurately describes the proposed Material Change involving a Provider or Provider Organization:

- A Merger or affiliation with, or Acquisition of or by, a Carrier;
- A Merger with or Acquisition of or by a Hospital or a hospital system;
- Any other Acquisition, Merger, or affiliation (such as a Corporate Affiliation, Contracting Affiliation, or employment of Health Care Professionals) of, by, or with another Provider, Providers (such as multiple Health Care Professionals from the same Provider or Provider Organization), or Provider Organization that would result in an increase in annual Net Patient Service Revenue of the Provider or Provider Organization of ten million dollars or more, or in the Provider or Provider Organization having a near-majority of market share in a given service or region;
- Any Clinical Affiliation between two or more Providers or Provider Organizations that each had annual Net Patient Service Revenue of \$25 million or more in the preceding fiscal year; provided that this shall not include a Clinical Affiliation solely for the purpose of collaborating on clinical trials or graduate medical education programs; and
- Any formation of a partnership, joint venture, accountable care organization, parent corporation, management services organization, or other organization created for administering contracts with Carriers or third-party administrators or current or future contracting on behalf of one or more Providers or Provider Organizations.

13. What is the proposed effective date of the proposed Material Change? January 1, 2016

## MATERIAL CHANGE NARRATIVE

14. Briefly describe the nature and objectives of the proposed Material Change, including any exchange of funds between the parties (such as any arrangement in which one party agrees to furnish the other party with a discount, rebate, or any other type of refund or remuneration in exchange for, or in any way related to, the provision of Health Care Services) and whether any changes in Health Care Services are anticipated in connection with the proposed Material Change:

Under the proposed arrangement, SHCN will purchase substantially all the assets of Central Massachusetts Independent Physician Association, LLC and its affiliate, CMIPA, Inc. (collectively "CMIPA"). As part of that arrangement, SHCN will enter into a participating provider agreement with CMIPA physicians, as well as take assignment of certain CMIPA contracts.

The objective of the acquisition is to apply Steward's community-based ACO model on a broader scale in order to achieve economies of scale for its ACO operations, particularly in the realm of Care Management, Care Coordination, data analytics and EHR data integration for Medicaid, Medicare and Commercial population health management. This arrangement will allow CMIPA physicians to align with a leading ACO to enable the private practice physicians the opportunity to enter into Medicaid ACO, Medicare ACO and Commercial ACO contracts, while maintaining their ability to remain in private practice.

SHCN's proposal enables CMIPA to preserve the private practice model, and retain local autonomy under an organization that offers robust ACO infrastructure to drive success in value based contracting across the Commercial, Medicare and Medicaid markets. CMIPA would be organized as a new Local Chapter under Steward Health Care Network thereby preserving its local independence and characteristics.

This arrangement will benefit Central Mass consumers by expanding access to a community based ACO model focused on improving quality and managing health care costs. Through this acquisition, CMIPA physicians will increasingly participate in ACO contracts that take risk for managing the Total Cost of Care and improving quality. These contracts will require CMIPA physicians to meet specific Total Cost of Care budgets, and bear the risk of health care expenses that exceed these budgets. Simultaneously, the contracts will require improvements in overall quality and outcomes of care. These arrangements will help drive improvements in care management, care coordination, and overall health care value across the Central Mass region and across all risk populations: Medicaid, Medicare, and Commercial.

An affiliation with Steward is a preferable option to an affiliation with the dominant provider organizations of Central Mass. The Steward arrangement increases choice for consumers in the region that is currently dominated by just a few provider organizations. Additionally, the arrangement will prevent the development of an overly dominant provider entity that could drive an increase in health care inflation. Furthermore, by embracing the ACO model, the CMIPA physicians will actually accelerate the adoption of ACO contracts by its competitors, resulting in a multiplying effect on both quality improvement and the downward pressure on costs.

No changes in health care services are anticipated in connection with the proposed change.

15. Briefly describe the anticipated impact of the proposed Material Change, including but not limited to any anticipated impact on reimbursement rates, care referral patterns, access to needed services, and/or quality of care:

By expanding access to the community based ACO model, Central Massachusetts patients will benefit from a renewed focus on the delivery of quality care in the most cost effective setting. As mentioned above, the physicians will enter into risk-based arrangements focused on care coordination and improved health outcomes. Additionally, this arrangement will introduce new competition to a market which is currently dominated by few providers. By injecting this type of competition into the market, local health care is more accessible, affordable and sustainable for Central Massachusetts consumers.

## DEVELOPMENT OF THE MATERIAL CHANGE

16. Describe any other Material Changes you anticipate making in the next 12 months:

None

17. Indicate the date and nature of any applications, forms, notices or other materials you have submitted regarding the proposed Material Change to any other state or federal agency:

None

## SUPPLEMENTAL MATERIALS

18. Submit the following materials, if applicable, under separate cover to [HPC-Notice@state.ma.us](mailto:HPC-Notice@state.ma.us).

The Health Policy Commission shall keep confidential all nonpublic information, as requested by the parties, in accordance with M.G.L. c. 6D, § 13(c), as amended by 2013 Mass. Acts, c. 38, § 20 (July 12, 2013).

- a. Copies of all current agreement(s) (with accompanying appendices and exhibits) governing the proposed Material Change (e.g., definitive agreements, affiliation agreements);
- b. A current organizational chart of your organization
- c. Any analytic support for your responses to Questions 14 and 15 above.

[Remainder of this page intentionally left blank]

This signed and notarized Affidavit of Truthfulness and Proper Submission is required for a complete submission.

**AFFIDAVIT OF TRUTHFULNESS AND PROPER SUBMISSION**

I, the undersigned, certify that:

1. I have read 958 CMR 7.00, Notices of Material Change and Cost and Market Impact Reviews.
2. I have read this Notice of Material Change and the information contained therein is accurate and true.
3. I have submitted the required copies of this Notice to the Health Policy Commission, the Office of the Attorney General, and the Center for Health Information and Analysis as required.

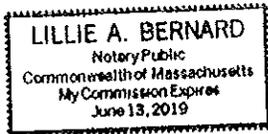
Signed on the 4<sup>th</sup> day of November, 2016, under the pains and penalties of perjury.

Signature: Mark Girard

Name: MARK GIRARD, MD

Title: PRESIDENT, STEWARD'S HEALTH CARE NETWORK

FORM MUST BE NOTARIZED IN THE SPACE PROVIDED BELOW:



Lillie Bernard  
Notary Signature

Copies of this application have been submitted electronically as follows:

Office of the Attorney General (1)

Center for Health Information and Analysis (1)